

NEW GORBALS HOUSING ASSOCIATION LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Contents

	Page
Committee of Management, Executives and Advisers	2
Report of the Committee of Management	3 - 11
Statement of Committee of Management's Responsibilities and Internal Financial Control	12-13
External Auditor's Report on Corporate Governance Matters	14
Independent Auditor's Report	15 - 17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cashflows	21
Accounting Policies	22 - 27
Notes to the Financial Statements	28 – 49

Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2309RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HAL211
Charity Number	SC041164

**New Gorbals Housing Association Ltd
Committee of Management, Executives and Advisors
For the year ended 31 March 2022**

Committee of Management

(Chairperson)	J. Miller
(Secretary)	I McCreaddie
(Vice Chair)	K. Adams MacKenzie
(Member)	E. Peden
(Member)	T. Smart (Resigned August 2021)
(Member)	A. Reilly
(Member)	S. Mandaniya
(Member)	R. Shannon
(Member)	D. Nixon
(Member)	L. Malone
(Member)	P. McKeever (Elected September 2021)
(Member)	M. Clark (Casual Vacancy, February 2022)
(Member)	C. Docherty (co-optee)
(Member)	I. Galloway (co-optee,)

Executive Officers

Fraser Stewart – Director
Norman Fitzpatrick – Depute Director
Mary Reilly – Head of Finance
Simon Metcalfe – Head of Development
Kirsty Fotheringham – Head of Housing (retired 1st March 2022, post currently vacant)
Linda Anderson – Head of Corporate Development

Registered Office

200 Crown Street
Glasgow
G5 9AY

Auditor

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Bankers

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022**

The Committee of Management presents their report and audited financial statements for the year ended 31 March 2022.

Principal Activities

The principal activity of the Association is the provision of social housing:

- to improve the quality of the housing and management service for the people of the Gorbals area;
- to consolidate tenant control and involvement in the Association;
- to contribute to meeting the needs of people living in the Gorbals area;
- to provide housing at affordable and sustainable rent levels; and
- to develop through conversion and new buildings other types of housing such as those for older and single people, and for those seeking low cost home ownership.

The Association has a wholly owned subsidiary, New Gorbals Property Management Ltd, the principal activities of which are management of mid-market ranked properties that are owned by the Association.

Objectives

The Association's overall vision and mission is:

- To provide the highest possible quality housing, environment and services to all of our customers
- To maximise our contribution to the overall regeneration of the Gorbals, addressing wherever possible the needs of those in the community who are disadvantaged.

Our core values are based on:

- Being representative of, and accountable to, the local community
- Being open and accessible
- Being fair and equitable, and treating every individual with courtesy and respect
- Being innovative and creative, and working in partnership with others, to achieve the best possible outcomes
- Delivering services which are customer-focused and which provide the best quality possible for our tenants
- Promoting and implementing an approach to our community engagement and development work founded on the strengths and potential of the Gorbals community.

Our Achievements

This year has seen us emerge from tight Covid restriction. All services, with Covid protections, have returned to pre Covid levels. Our Wider Action Team have now reinstated a full programme of events.

As we learn to live with Covid, the cost of living crisis has become the largest risk to the Association and our tenants and owners. The Association has, even after tendering, seen large increases in energy and materials costs. New Gorbals Loan Portfolio has a level of protection from the recent interest rate increases with 86% of our loans on fixed rate deals.

The Association is continuing the programme of clearing 305 to 341 Caledonia Road. As of 31st March 2022, 127 properties had been cleared. The majority of these tenants moved to new build homes within the Gorbals.

We continue to progress additional new build units for the remainder of the tenants in these blocks.

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022**

Arrears performance has improved and gross rent arrears has fallen from its highest of 5.8% to 3.8%. This has been assisted by our welfare rights team securing assistance from several charities to assist our most vulnerable tenants.

Our Committee meetings have also returned to face to face in our office. We had our first AGM in our new office in September 2021 and look forward to welcoming more members to our AGM in 2022.

The Associations rent increased rents by 3.8% from 1st April 2022.

During 2021 we reviewed our IT capabilities, from this review tendered our core operational software (housing management, repairs and finance), and are pleased to say we will be live with the first phase of this change over in October 2022. Our new software will allow us to develop our digital capabilities. This will include, over the course of winter 2022, online housing application form, customer portals, online surveys and the ability for customers to choose how they communicate with us.

Current inflationary pressures will put household budgets under strain this year. The Association recognises that arrears control will be challenging, with households having to choose what to spend money on. The Association is committed to help, where we can, and our welfare rights and wider action teams will be working with tenants to assist with food and fuel poverty and maximising benefit claims.

Our response to COVID 19 and Wider Action

We continued to support our community through Covid and some highlights of our support are:

- Support and link with the Gorbals Covid response group.
- Coordinate the Community Anchor Organisation response to Gorbals Community including:
 - Delivery of 8320 hot meals
 - Delivery of 3120 breakfast packs
 - Delivery of 120 food parcels
- Support and participate in Digital Inclusion sub group for the area identifying need and applying for funding to support inclusion and the offer of devices/connectivity. Successful funding has provided 362 devices and connectivity for distribution to those most in need. Developed an overall Digital Inclusion Strategy for Gorbals with partners.
- Coordinated bid to Cash for Kids to support vulnerable families during festive season with 278 young people and families benefitting from vouchers.
- Worked with colleagues to coordinate with partners the Children's Holiday Food Programme for Easter, summer, October and February Holidays. Families supported with access to home activity packs and vouchers for local stores to purchase food, fuel and children activities. As Covid restrictions lifted, provided pick up sessions from local facilities and able to recommence face-to-face engagement. Arts and crafts sessions were delivered in October 2021 with food provided at all sessions. Support provided to over 100 families.
- Support Participatory Budgeting work in Gorbals area, including supporting colleague responsible for developing Gorbals Ideas Fund. The fund and local panel developed 2 more digital voting events in 2021 with over 1200 votes for projects/ideas as well as working towards a new online platform called 'Your Priorities'.
- Delivered 6 community engagement sessions in December. These provided opportunity to get together and reconnect with community members.
- Continued to support our Youth Employability Programme via partners Workingrite. Working to identify new young people to participate and sharing within local network.

The Association will continue to support and lead community engagement.

Investment Activity

New Build

The Association's new build programme has progressed slower than anticipated during 2021/22 because of the covid pandemic.

52 complete housing units were purchased as part of the re provisioning programme for the multi storey flats at Caledonia Rd.

Grant funding has been obtained for the purchase a further 27 units which will take place mid 2022/23. Completion of the Association's 37-unit new build project (North Gate) has been delayed and we now anticipate tenants moving in in July 2022.

This development will be complete in autumn 2022 and will be used for the rehousing of tenants from 305 and 341 Caledonia Road.

The Associations development at the Coliseum site in Laurieston progressed to tender stage. Tender approval is anticipated in the 2nd quarter of 2022/23.

Stock Investment

The Association will continue to invest in and upgrade our stock to ensure it retains asset value. Increasing prices has led to a review of this programme over the coming 6 months. We will be carrying out necessary replacements and modernisation to ensure stock can be released back to the letting pool. Planed replacements programme will slow to monitor the longer term effects of prices increases on materials.

Housing Review

The impact of the coronavirus pandemic continued throughout 2021/2022 and although we were able to gradually reintroduce our full range of housing management services our offices did not open fully to the public. However, an appoints system was in place latterly for service users and allowed us to deliver the key functions of allocating empty properties, managing rent accounts, dealing with estate management issues and providing a wide range of support and assistance to tenants, housing applicants and owners in receipt of the factoring service. During 2021/2022, the majority of staff were working within a hybrid model combining working from the office with working from the office.

However, our estate based staff continued on-site working and ensured that cleaning and sanitisation in our high-rise flats and communal areas were maintained to an acceptable standard. Staff continued to engage with vulnerable tenants initially to check on their wellbeing and to keep a contact list for regular check-ups maintained. The type of support offered ranged from welfare advice, food parcel deliveries, picking up prescriptions from the pharmacy, fuel advice and wellbeing checks.

In September 2021, an independent tenant and owners satisfaction survey was conducted and we were pleased to note that, despite the restrictions placed on us by the coronavirus pandemic, satisfaction rates amongst our service users remained high. Tenants' satisfaction with the overall service was recorded at 89% which was the same as the Scottish national average and owners' satisfaction with the factoring service was recorded at 74% which exceeded the Scottish national average of 65%.

During 2021/2022 we continued to dedicate increased staff resources to working on rent management and welfare rights advice. By the year-end, our hard work had paid off and the following performance was achieved.

- 3.97% gross rent arrears against a target of 4.5%
- £450,048 gross arrears against a target of £519,450
- 3.05% non-technical arrears against a target of 3.5%
- £345,236 non-technical arrears against a target of £404,016

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022**

As regular letting activity returned during 2021/2022, we let a total of 163 properties during the financial year which compares with a figure of 108 during 2020/2021. The majority of lets, 79 in number, were to tenants living in our high-rise flats at 305 and 341 Caledonia Road. These flats are subject to demolition and the local letting initiative and letting plan for 305 and 341 Caledonia Road was approved in February 2021 and gave priority to all existing tenants. This letting plan is on track and expected to be fully delivered during 2022/2023.

During 2021/2022 we also let 36 properties to statutorily homeless applicants referred to the Association by the Glasgow Health and Social Care Partnership (HSCP) which represents 55% of lets that were available net of internal transfer of New Gorbals Housing Association tenants.

In February 2022, following consultation with tenants a rent increase of 3.8% was agreed for 2022/2023. This follows on from the current financial year (2021/2022) when our management committee made the decision not to apply an annual rent increase.

Other initiatives introduced recently include, in June 2021, when we implemented our Housing Transfer Incentive Scheme to encourage existing tenants of larger family sized accommodation to downsize to a smaller property in an effort to free up much sought after larger accommodation for families in housing need. Also, in November 2021, we started up our At Home In The Gorbals Project to assist and support previously homeless households to move in to their new home and settle in the local community.

Although the coronavirus pandemic has continued to affect the way we worked and delivered services, our housing services team have adapted, taken on different activities and produced satisfactory results in 2021/2022.

New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022

Performance

The table below summarises the Association's performance against key performance indicators for 2021 to 2022.

Targeted resources have seen gross rent arrears fall to under the target set for 2021 to 2022. These resources will be maintained during the course of 2022 to 2023 with our welfare rights staff ensuring tenants have received all income available to them.

Indicator	Target 2021/22	Outturn Performance 2021/22
Void rent loss	0.4%	0.33%
Gross rent arrears	4.5%	3.8%
Non Technical Arrears	3.5%	3.05%
Number of Evictions	5	3
Average timescale - emergency repairs	98%	99%
Average timescale – non-emergency repairs	96%	95%
Annual gas safety inspections	100%	100%

Financial Review

Turnover of £17,369,021 (2021: £15,934,863) relates to the income from the letting of properties at affordable rents and the provision of factoring services.

Operating surplus for the year was £3,268,512 (2021: £3,601,543). SPF pension asset was £467,000 with SHAPS pension liability being nil, resulting in a net increase in pension assets of £467,000. Note 21 in these accounts gives further details of the breakdown of these figures and also see impact of accounting changes section below.

Financing and Liquidity

During the year further loans of £11.3m (2021: £10.671m) were drawn down. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit the Association's operating and financial flexibility. A failure to comply with any of these covenants could result in default under the agreement and an acceleration of repayment of the debt outstanding.

All covenants are met and regularly reviewed by the Committee of Management.








Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.




The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2022 £49,184,144 (85%) (2021 £38,415,062 (80.25%)) of borrowings were subject to fixed rates of interest in excess of two years.

Strategic Risk Assessment

The Association holds a comprehensive Risk Register and the following listing is our top 10 risks and as identified in the latest Business Plan.

Description of risk	Potential Impact	L		Inherent risk score
		L	I	
1. Economic conditions deteriorate (e.g. as a result of Covid19 and /or Brexit) Risk type: External/ Financial	Increased inflation and interest rates Increase in material and /or labour costs for repairs and maintenance Increase in unemployment and hardship among tenants Increased operating costs	4	4	16 
2. Costs increase in future due to energy efficiency/ net zero carbon housing requirements and changes to building standards Risk type: External/ Financial	Significant increase in NGHA costs Negative impact on Business Plan Adoption of untested technologies Diversion of resources from services to tenants to meet associated costs	4	4	16 
3. Major health and safety or housing stock disaster incident Risk type: Operational/ Reputational	Threats to safety and/or life Requirement to evacuate residents Post-incident works	4	5	20 
4. Failure to retain and attract committee members Risk Type: Governance	Committee numbers fall below 7 Breach of Rules, regulatory standards and risk of regulatory engagement Risk to NGHA independence and local control	5	4	20 
5. Loss of rental income due to Covid19 pandemic / impact of Universal Credit Risk Type: Operational/Financial	Loss of income Rent collection demands reduce staff time available for other essential work Reduction in tenant incomes	4	4	16 
6. Employer pension contributions continue to increase and have negative impact on NGHA finances Risk type: Financial	Pension cost contributions rise faster than NGHA income Future liabilities cannot be managed in event of pension debt crystallising	4	4	16 
7. Major data protection breach (e.g. unauthorised disclosure loss of sensitive data) cyber attack Risk type: Reputational/Financial	Complaints to ICO and possible fines Negative publicity Safety of individuals compromised	4	4	16 

New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022

Description of risk	Potential Impact			Inherent risk score
		L	I	
8. Financial position does not adequately support future obligations and strategic aspirations Risk type: Financial/Strategic	Reduced ability to provide services or invest in existing and new homes Could require savings across NGHAs cost base	4	4	16 
9. Departure of senior officer/ key management Risk type: Governance	Loss of skills and experience Reduced organisational stability	4	4	16 
10. Significant delay to clearance, re-provisioning and demolition strategy for Caledonia Rd Risk type: Strategic, Financial and Reputational	Tenants remaining in multi storey blocks for prolonged period Potential loss of grant funding where programme delays are due to NGHAs Negative impact on business plan	4	5	20 

Fixed Assets

Changes in fixed assets in the year are set out in notes 11A, 11B and 11C of the financial statements.

Future Developments

The Association is working on plans for reprovisioning programme for 305 and 341 Caledonia Road. We have identified sites and are currently working on plans.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Association's standard payment terms are 30 days.

Maintenance Policies

The Association maintains its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Statement of Comprehensive Income.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

We are consulting with staff on a planning for a return to the office and any future changes to our working practices.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

Going Concern

The Committee of Management has reviewed the results for this year, the projections for the next five years and the effects of the Covid 19 pandemic and current economic inflationary pressures on the financial statements. The Committee of Management have reviewed our short and longer term plans, including scenario planning. The Committee of Management have deemed that there will be no material impact on the Association's ability to continue as a going concern and for this reason, the going concern basis has been adopted in these financial statements.

The assets and liabilities contained in these financial statements are not deemed to be impaired as a result the pandemic or financial projections. Impairment of units cleared in 305/341 Caledonia Road clearance programme, have been included in these accounts.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2022**

Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Our equality policy statement

New Gorbals Housing Association is committed to promoting cultural values that promote social justice. We are committed to:

- eliminating unlawful and unfair forms of discrimination; and
- promoting equal opportunity objectives.


Disclosure of Information to the Auditor

The members of the Committee of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution for the reappointment of RSM UK Audit LLP as auditors of the Association will be proposed at the Annual General Meeting.

By Order of the Committee of Management



Secretary
Ian McCreddie

Date: 5/9/2022

New Gorbals Housing Association Ltd
Committee of Management Statement of Responsibilities and Internal Financial Controls
For the year ended 31 March 2022

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It has general responsibility for taking reasonable steps to safeguard the assets.

The Committee of Management is responsible for the maintenance and integrity of the corporate and financial information included on the New Gorbals Housing Association website.

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Management Team and Committee of Management to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;

New Gorbals Housing Association Ltd
Committee of Management Statement of Responsibilities and Internal Financial Controls
For the year ended 31 March 2022

- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Committee of Management;
- Committee of Management receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.
- an internal auditor has appointed in accordance with the requirements of Guidance Note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.

The effectiveness of the Association's system of internal financial control has been reviewed by the Committee of Management for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Committee of Management



Secretary

Date: 5/9/2022

New Gorbals Housing Association Ltd
Report by the auditors to the members of New Gorbals Housing Association Ltd on Internal
Corporate Governance Matters
For the year ended 31 March 2022

In addition to our audit of the Financial Statements, we have reviewed your statement on page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 13 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 30 September 2022

New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2022

Opinion

We have audited the financial statements of New Gorbals Housing Association Ltd (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect of going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2022

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 12, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks,
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2022

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Society Act 2014, the Scottish Housing Act and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010 and 2014, the energy Efficiency Standard for Social Housing (ESSH) the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluation the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion of risk for income included but were not limited to substantive analytical review to test the grant and rental income that was recognized, selecting a sample of rental income to assess whether it was recognized in accordance with rent review letters or signed tenancy agreements which agree to the housing management system and corroborating a sample of other income to supporting documentation.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 30 September 2022

New Gorbals Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	2	17,369,021	15,934,863
Operating expenditure	2	(14,100,509)	(12,333,320)
Operating Surplus		<u>3,268,512</u>	<u>3,601,543</u>
Gain/(Loss) on disposal of property, plant and equipment	9	24,339	(6,927)
Interest receivable	6	2,662	15,963
Interest and financing costs	7	(1,574,438)	(1,492,634)
Surplus Before Tax		<u>1,721,075</u>	<u>2,117,945</u>
Taxation	25		-
Surplus for the Year		<u>1,721,075</u>	<u>2,117,945</u>
Actuarial gain/(loss) in respect of pension schemes	21	1,131,000	(1,473,000)
Total Comprehensive Income for the Year		<u>2,852,075</u>	<u>644,945</u>

The accompanying notes form part of these financial statements.

New Gorbals Housing Association Limited
Statement of Financial Position
As at the 31 March 2022

	Notes	2022 £	2021 £
Fixed Assets			
Intangible Fixed Assets	11.C	45,585	157,204
Housing properties	11.A	151,648,325	141,878,075
Other fixed assets	11.B	4,920,815	4,902,086
Investment in subsidiary	11.D	1	1
		<u>156,614,726</u>	<u>146,937,366</u>
Current Assets			
Trade and other debtors	12	13,427,261	3,235,159
Cash and cash equivalents		8,311,979	13,952,560
		<u>21,739,240</u>	<u>17,187,719</u>
Current Liabilities			
Creditors: amounts falling due within one year	13	(6,358,304)	(7,157,829)
Net Current Assets		<u>15,380,936</u>	<u>10,029,890</u>
Total Assets Less Current Liabilities			
Creditors: Amounts falling due after more than one year	14	(134,791,956)	(121,131,427)
Provisions for liabilities:			
Pension provision:	21		
SHAPS – Defined Benefit Funding Liability		-	(1,057,000)
SPF – Defined Benefit Funding Liability		-	(383,000)
Other provisions	17	(86,061)	(130,260)
		<u>(134,878,017)</u>	<u>(122,701,687)</u>
Total Net Assets		<u>37,117,645</u>	<u>34,265,569</u>
Reserves			
Income and expenditure reserve	18	37,117,570	34,265,492
Share Capital	18	75	77
Total Reserves		<u>37,117,645</u>	<u>34,265,569</u>

The financial statements on pages 15 to 51 were approved by the Committee of Management and authorised for issue on 5/9/2022 and are signed on its behalf by:

Committee member 

Committee member 

Secretary 

New Gorbals Housing Association Limited
Statement of Changes in Equity
For the year ended 31 March 2022

	Share Capital	Income and expenditure reserve	Total
	£	£	£
Balance as at 1 April 2020	87	30,860,509	30,860,596
Effect of change in accounting policy	(2)	2,760,041	2,760,039
Balance as at 31 March 2021	85	33,620,550	33,620,635
Balance as at 1 April 2020	85	33,620,550	33,620,635
Issue of shares	1	-	1
Cancellation of shares	(9)	-	(9)
Surplus for the year	-	2,117,945	2,117,945
Actuarial gain	-	(1,473,000)	(1,473,000)
Balance as at 31 March 2021	77	34,265,495	34,265,572
Balance as at 1 April 2021	77	34,265,495	34,265,572
Issue of shares	3	-	3
Cancellation of shares	(5)	-	(5)
Surplus for the year	-	1,721,075	1,721,075
Actuarial loss	-	1,131,000	1,131,000
Balance as at 31 March 2022	75	37,117,570	37,117,645

New Gorbals Housing Association Limited
Statement of Cashflows
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	19	(7,015,991)	5,775,293
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		0	(11,285)
Purchase of tangible fixed assets		(14,058,562)	(9,674,409)
Proceeds from sale of tangible fixed assets		43,000	-
Grants received		6,781,985	6,103,747
Interest received		2,662	15,963
Net Cash used in Investing Activities		<u>(7,230,915)</u>	<u>(3,565,984)</u>
Cash Flow from Financing Activities			
Issue of share capital		3	1
Interest paid		(1,574,438)	(1,492,634)
New secured loans		11,317,900	10,667,044
Repayments of borrowings		(1,137,140)	(994,094)
Net Cash Used in Financing Activities		<u>8,606,325</u>	<u>8,180,317</u>
Increase/(Decrease) in Cash and Cash Equivalents		<u>(5,640,581)</u>	<u>10,389,626</u>
Cash and Cash Equivalents at Beginning of Year		<u>13,952,560</u>	<u>3,562,934</u>
Cash and Cash Equivalents at End of Year	19	<u>8,311,979</u>	<u>13,952,560</u>

1. ACCOUNTING POLICIES

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Association's registered office is 200 Crown Street, Glasgow G5 9AY and principal place of business is 200 Crown Street, Glasgow, G5 9AY.

The Association's principal activities are detailed in the Committee of Management's Report. The nature of the Associations operations is detailed in the Committee of Management's Report.

New Gorbals Housing Association Limited meets the definition of a Public Benefit Entity.

Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Determination of Accounting Requirements 2019.

The financial statements are prepared in Sterling (£).

Basis of consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group.

Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

Recoverable amount of rent arrears and debtors – management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often out of the Associations' control.

New Gorbals Housing Association Limited
ACCOUNTING POLICIES
For the year ended 31 March 2022

Obligations under a defined benefit pension scheme

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 22). The net defined benefit pension liability at 31 March 2021 was £1,440,000.

Going Concern

Covid and the ongoing clearance of 305 and 341 Caledonia Road could have placed huge pressures on the organisation.

Clearance and reprovisioning of 305 and 341 Caledonia Road is being supported by Scottish Government and Glasgow City Council through demolition grant and new build programme, We have discussed additional finance requirements with lenders and will produce a funding prospectus in autumn 2021 to have a preferred lender in place for early 2022.

Our initial fears in relation to Covid and rent arrears subsided during the year the spike in Universal Credit Claims began to settle. Staff now have access to DWP portal which shows details on Universal Credit Claims for our tenants and when payments will be due and this has assisted with the ongoing reduction in arrears during the year

Although staff have been working from home for over 12 months, operations have continued and we have secured additional finance to assist our new build programme

During the period of homeworking our Development staff have also managed a major new build project that will complete in Autumn 2021.

The Association's independent review of our Business Plan cashflow (including the demolition) has proven that the Association is a going concern for the next 30 years.

On that basis the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover and Revenue Recognition

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Reasonable assurance is normally obtained when the grant has been awarded in writing.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Intangible Fixed Assets

Intangible fixed assets are initially measured at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised to profit or loss on a straight-line basis over their useful lives as follows:

Computer software - 4 years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Land	Nil
Assets under construction	Nil
Structure	50 years
Windows	45 years
Central Heating pipework	45 years
Roof	40 years
Lifts	30 years
Bathrooms	25 years
District Boilers	15 years
Electric Heating	15 years
Boilers	15 years
Kitchens	15 years
Over bath Showers	7 years

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Sales of Housing Accommodation

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Share Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold Property	over 50 years
Computers and office equipment	over 4 years
Furniture, fixtures and fittings	over 4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred on an effective interest rate basis.

Taxation

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

Value Added Tax (VAT)

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Normally, employees are entitled to carry forward up to 5 days of any unused holiday entitlement. Due to Covid this allowance has been increased to 10 days and will drop back to 5 in 2023. The Association has suspended its flexi system during the period when staff are working from home. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement Benefits

Defined benefit plans

The Association participates in two funded multi-employer defined benefit schemes, the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF).

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 21 for more details.

For defined benefit schemes the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised in the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lease Policy

All leases are operating leases and the annual rents are charged to the Statement of Comprehensive Income on a straight line basis. Operating Lease are in operation for the leasing of 63 Mid Market Rented Units to New Gorbals Property Management Ltd.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	2022 Operating Surplus £	2021 Operating Surplus £
Affordable letting activities	3	14,280,948	(11,047,828)	3,233,120	3,605,761
Other activities	4	3,088,073	(3,052,681)	35,392	(4,218)
Total		17,369,021	(14,100,509)	3,268,512	3,601,543
Total for previous reporting period		15,934,863	(12,333,320)	3,601,543	

New Gorbals Housing Association Limited
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 For the year ended 31 March 2022

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General		Supported Social		Shared		Total
	Housing	Accommodation	Housing	Ownership	Housing	Total	
	£	£	£	£	£	£	£
Rent receivable net of service charges	11,005,814	8,334	36,528	11,050,675		11,068,874	
Service charges	529,741	404	6,145	536,290		531,525	
Gross income from rents and service charges	11,535,555	8,738	42,673	11,586,965		11,600,399	
Less voids	(163,398)	(123)	0	(163,521)		(114,304)	
Net income from rents and service charges	11,372,156	8,615	42,673	11,423,444		11,486,095	
Grants released from deferred income	1,991,015	-	14,254	2,005,269		2,002,007	
Revenue grants received from Scottish ministers	852,235	-	-	852,235		46,440	
Other Revenue Grants – CJRS	-	-	-	-		433,685	
Total turnover from affordable letting activities	14,215,406	8,615	56,927	14,280,948		13,968,227	
Management and maintenance administration costs	3,116,707	2,346	16,717	3,135,770		3,259,048	
Service costs	1,664,920	1,256	11,928	1,678,104		1,635,552	
Planned and cyclical maintenance including major repairs costs	916,369	691	-	917,060		668,631	
Reactive maintenance costs	1,763,828	1,330	-	1,765,158		1,353,903	
Bad debts - rents and service charges	186,253	140	-	186,393		112,906	
Depreciation of affordable let properties	3,159,859	691	26,398	3,186,948		3,332,426	
Impairment of affordable let properties	178,395	-	-	178,395			
Operating Costs for affordable letting activities	10,986,331	6,454	55,043	11,047,828		10,362,466	
Operating surplus or deficit for affordable letting activities	3,229,075	2,161	1,884	3,233,120		3,605,761	
Operating surplus or deficit or affordable letting activities for previous reporting period	3,558,698	41,112	5,951	3,605,761			

New Gorbals Housing Association Limited
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 For the year ended 31 March 2022

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs bad debts £	Other operating costs £	Operating surplus or deficit £	Operating surplus or deficit for previous reporting period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	546,002	-	-	546,002	-	713,475	(167,473)	(128,978)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,298,686	1,298,686	(8,580)	1,294,267	12,999	26,596
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Gift aid distribution from subsidiary	-	-	-	158,851	158,851	-	-	158,851	158,425
Rental from mid-market properties and management charges income	-	-	-	257,045	257,045	-	237,924	19,121	33,941
Other activities	-	-	-	827,489	827,489	-	798,434	29,055	(94,202)
Total from other activities	-	546,002	-	2,542,071	3,088,073	(8,580)	3,044,100	52,553	(4,218)
Total from other activities for the previous reporting period	-	500,510	-	1,466,126	1,966,636	(53,598)	2,024,452	(4,218)	

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

5. ACCOMMODATION IN MANAGEMENT

	2022	2021
	Units	Units
General needs housing	2,654	2,602
Shared ownership	19	20
Supported housing	2	2
TOTAL UNITS IN MANAGEMENT	2,675	2,624

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Interest on bank deposits	2,662	15,963

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Interest arising on:		
Bank loans and overdrafts	1,574,437	1,487,634
Defined benefit pension charges	-	5,000
Less: Interest capitalised on housing properties under construction	-	-
	1,574,437	1,492,634

8. OPERATING SURPLUS

	2022	2021
	£	£
Operating surplus is stated after charging:		
Depreciation of housing properties (note 11.A)	3,186,947	3,332,426
Depreciation of other tangible fixed assets (note 11.B)		
- owned	134,095	184,430
Depreciation of intangible fixed assets (note 11.C)	111,619	141,003
Surplus/(Deficit) on disposal of tangible fixed assets (note 9)	24,339	(6,927)
Inventories recognised as an expense	-	-
Lease payments recognised as an expense	212,109	155,459

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2022	2021
	£	£
Audit services - statutory audit of the Association	17,558	15,960
<i>Other services:-</i>		
Taxation compliance services	1,200	-
Taxation advisory services	4,314	3,000

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

9. SURPLUS OR DEFICIT ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	2022	2021
	£	£
Disposal proceeds	31,645	-
Loss on replacement of components	(7,307)	(6,927)
Carrying value of fixed assets		-
	<u>24,338</u>	<u>(6,927)</u>

10. EMPLOYEES

	2022	2021
	No.	No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:		
Office and management/Administration	15	15
Housing support and care	52	53
In-house Services Team	45	38
Development	4	4
	<u>116</u>	<u>110</u>

	2022	2021
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	3,911	3,720
Social security costs	363	348
Other pension costs and current service cost (note 21)	699	426
	<u>4,973</u>	<u>4,494</u>

The key management personnel are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee.

The number of key management personnel who received emoluments (excluding employer pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2022	2021
	No.	No.
£60,000 - £70,000	0	3
£70,001 - £80,000	2	1
£80,001 - £90,000	2	-
£90,001 - £100,000	0	1
>£100,000	1	0
	<u>1</u>	<u>0</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

10. EMPLOYEES (Continued)

	2022 £	2021 £
Aggregate emoluments for the above key management personnel (excluding pension contributions)	371,875	363,414
The emoluments of the Chief Executive (excluding pension contributions)	92,708	91,972
Aggregate pension contributions in relation to the above key management personnel	54,426	62,010
Total emoluments for the above key management personnel (including salary, pension and benefits)	426,302	425,424

No payment or fees or other remuneration was made to the Board members during the year.

11.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
Cost				
1 April 2021	164,252,679	12,767,066	1,469,971	178,489,716
Additions	-	10,702,172	-	10,702,172
Properties acquired	-	-	-	-
Works to existing properties	4,092,953	(889,387)	-	3,203,566
Schemes completed	1,667,685	(1,667,685)	-	-
Disposals	(27,302)	-	(24,523)	(51,825)
Impairment	(1,472,791)	-	-	(1,472,791)
31 March 2022	168,513,224	20,912,166	1,445,448	190,870,838
Depreciation and impairment				
1 April 2021	35,923,569	-	688,072	36,611,641
Depreciation charged in year	3,160,549	-	26,397	3,186,946
Released on disposal	(19,996)	-	(13,168)	(33,164)
Impairment	(542,911)	-	-	(542,911)
31 March 2022	38,521,211	-	701,301	39,222,512
Net book value				
31 March 2022	129,992,013	20,912,166	744,147	151,648,326
31 March 2021	128,329,110	12,767,066	781,899	141,878,075

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2022	2021
	£	£
Replacement component spend capitalised	4,092,953	906,695
Amounts charged to income and expenditure	-	-
	<hr/>	<hr/>
Total major repairs spend	4,092,953	906,695

FINANCE COSTS

	2022	2021
	£	£
Aggregate amount of finance costs included in the cost of housing properties	782,053	782,053
	<hr/>	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

11.B TANGIBLE FIXED ASSETS – OTHER

	Freehold property £	Computers and Office Equipment £	Furniture, fixtures and fittings £	Total £
Cost				
1 April 2021	5,269,012	519,763	650,175	6,438,950
Additions	-	112,539	40,344	152,883
	5,269,012	632,302	690,519	6,591,833
31 March 2022				
Depreciation				
1 April 2021	497,213	453,944	585,767	1,536,924
Depreciation charged in year	67,911	23,027	43,157	134,095
	565,124	476,971	628,924	1,671,019
31 March 2022				
Net book value				
31 March 2022	4,703,888	155,331	61,595	4,920,814
31 March 2021	4,771,799	65,819	61,595	4,902,026

11.C INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
1 April 2021	677,369
Additions	-
	677,369
31 March 2022	
Depreciation	
1 April 2021	520,165
Depreciation charged in year	111,619
	631,784
31 March 2022	
Net book value	
31 March 2022	45,585
31 March 2021	157,204

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

11.D INVESTMENTS

	2022	2021
	£	£
Investment in subsidiary undertakings	1	1

New Gorbals Housing Association Limited owns 1 ordinary £1 share in New Gorbals Property Management Limited. This represents a 100% shareholding in New Gorbals Property Management Limited, a company registered in Scotland, whose principal activity is that of provision of management of mid-market rented properties. As at 31 March 2022, the capital and reserves of New Gorbals Property Management Limited were £155,922 with a taxable profit for the year of £155,921.

12. DEBTORS

	2022	2021
	£	£
Amounts falling due within one year:		
Rent and service charges receivable	1,074,820	1,184,018
Less: net present value adjustment	(7,950)	(13,680)
Less: provision for bad and doubtful debts	(221,490)	(212,929)
	<u>845,380</u>	<u>957,409</u>
Other debtors	12,442,879	1,396,375
Prepayments and accrued income	74,740	817,737
Amounts due from group undertakings	64,261	63,638
	<u>13,427,261</u>	<u>3,235,159</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Debt (note 16)	1,632,614	1,095,805
Rent and service charges received in advance	228,070	210,861
Deferred capital grants (note 15)	2,005,268	1,996,616
Trade creditors	676,927	2,238,901
Other creditors	1,641,470	1,358,397
Taxation and Social Security	4,622	83,696
Accruals and deferred income	169,333	173,553
	<u>6,358,304</u>	<u>7,157,829</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Debt (note 16)	56,415,360	46,771,409
Deferred capital grant (note 15)	78,376,596	74,360,018
	<u>134,791,956</u>	<u>121,131,427</u>

	2022	2021
	£	£
Included in creditors are:		
Amounts repayable by instalments falling due after more than five years	49,437,437	34,982,873

15. DEFERRED CAPITAL GRANT

	2022	2021
	£	£
As at 1 April	76,356,634	72,254,494
Grant received in the year	6,781,985	6,103,747
Capital grant released	(2,005,269)	(2,002,007)
Impairment	(751,485)	-
As at 31 March	<u>80,381,865</u>	<u>76,356,634</u>
Amounts to be released within one year	2,005,270	1,996,616
Amounts to be released in more than one year	78,376,596	74,360,018
	<u>80,381,865</u>	<u>76,356,634</u>

16. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Creditors: amounts falling due within one year:		
Bank loans	1,632,614	1,095,805
	<u>1,632,614</u>	<u>1,095,805</u>
Creditors: amounts falling due after more than one year:		
Bank loans	56,415,360	46,771,409
	<u>56,415,360</u>	<u>46,771,409</u>
Total	<u>58,047,974</u>	<u>47,867,214</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature annually at £1,622,614 per annum from 31 March 2022, until 31 March 2023, £49,184,144 (2021: £37,319,257) bears average fixed-rate coupons of 3.9% per annum (2021: 3.44% per annum) and £8,862,829 (2021: £9,452,152) bears average variable-rate coupons of 1.11% above LIBOR (2021: 1.11% above LIBOR). The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £58,047,974 (2021: £44.4m) are secured against the Association's housing properties.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

Based on the lender's earliest repayment date, borrowing is repayable as follows:

	2022	2021
	£	£
Due within one year	1,632,614	1,095,805
Due in one year or more but less than two years	1,247,524	1,073,484
Due between two and five years	5,730,398	10,672,282
Due more than five years	49,437,437	35,025,643
	<u>58,047,973</u>	<u>47,867,214</u>

17. PROVISIONS

	Holiday pay £
1 April 2021	130,260
Utilised in the year	(130,260)
Additional provision in year	86,061
31 March 2022	<u>86,061</u>

Holiday Pay

This represents holiday accrued because of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

18. SHARE CAPITAL & RESERVES

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2022 Number	2021 Number
Number of members		
1 April	77	85
Joined during the year	3	1
Left during year	(5)	(9)
31 March	<u>75</u>	<u>77</u>

RESERVES

Reserves of the Association represent the following:

	2022	2021
	£	£
Income and Expenditure Account		
1 April	34,265,495	33,620,550
Surplus for the year	1,721,075	2,117,945
Actuarial gain/(loss) for year	1,131,000	(1,473,000)
31 March	<u>37,117,570</u>	<u>34,264,495</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

19. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Surplus for the year	2,852,074	644,945
Adjustments for non-cash items:		
Depreciation of intangible fixed assets	111,619	141,003
Depreciation of tangible fixed assets	3,321,041	3,516,856
Amortisation of capital grants	(2,005,269)	(1,996,615)
(Decrease)/Increase in provisions	(1,484,198)	1,291,961
(Gain)/Loss on disposal of tangible fixed assets	(24,339)	6,927
Transfer of interest to financial activities	-	(86,355)
Interest receivable	(2,662)	(15,963)
Interest payable	1,574,438	1,492,634
Share cancelled	(5)	(11)
Impairment	178,395	-
Operating cash flows before movements in working capital	4,521,094	4,995,382
Increase in investments		
Decrease/(Increase) in trade and other debtors	(10,192,100)	162,390
(Decrease)/Increase in trade and other creditors	(1,344,985)	617,521
Cash generated from operations	(7,015,991)	5,775,293

CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash and cash equivalents represent: -		
Cash at bank	210,333	194,341
Short-term deposits	8,101,646	13,758,219
	8,311,979	13,952,560

Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash for the year	(5,640,581)	10,389,626
Loans received	(11,317,900)	(10,667,044)
Loan repayments	1,137,140	1,036,864
Change in net debt	(15,821,341)	759,446
Net debt as at 1 April 2021	(33,914,654)	(34,674,100)
Net debt as at 31 March 2022	(49,735,995)	(33,914,654)

Analysis of Changes in net debt

	As at 31 March 2021	Cash Flow	Other Changes	As at 31 March 2022
	£	£	£	£
Cash at bank and in hand	13,952,560	(5,640,581)	-	8,311,979
Bank Overdrafts	-	-	-	-
Debt due within one year	(1,095,805)	(536,809)	-	(1,632,614)
Debt due after one year	(46,771,409)	(9,643,951)	-	(56,415,360)
	(33,914,654)	(15,821,341)	-	(49,735,995)

20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2022 £	2021 £
Capital expenditure contracted for but not provided in the financial statements	6,339,920	12,064,424

The above commitments will be funded through existing finance and grant.

21. RETIREMENT BENEFITS

Scottish Housing Association Pension Scheme (SHAPS)

Certain employees of the Association are members of an industry-wide retirement benefit scheme the Scottish Housing Association Pension Scheme ("SHAPS").

The Association participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

A full actuarial valuation for the scheme was carried out at 30 September 2018. This actuarial valuation showed assets of £877m, liabilities of £998m and a deficit of £121m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2021 to 31 March 2023:	£257,508 per annum (payable monthly, increasing by 3% each 1st April)
-------------------------------------	---

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme a defined benefit scheme.

For the year ended 31 March 2018, the SHAPS obligation was being accounted for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the association to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions in the Association's financial statements.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2021 (£1,057,000) and NIL as at 31 March 2022.

21. RETIREMENT BENEFITS (Continued)

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	10,506	9,717
Present value of defined benefit obligation	10,047	10,774
Surplus (deficit) in plan	459	(1,057)
Unrecognised surplus	459	-
Defined benefit asset (liability) to be recognised	-	(1,057)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	10,774
Current service cost	262
Expenses	8
Interest expense	223
Member contributions	16
Actuarial losses (gains) due to scheme experience	249
Actuarial losses (gains) due to changes in demographic assumptions	29
Actuarial losses (gains) due to changes in financial assumptions	(1,447)
Benefits paid and expenses	(67)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	10,047

21. RETIREMENT BENEFITS (Continued)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF
THE FAIR VALUE OF PLAN ASSETS**

	Period from 31 March 2021 to 31 March 2022 (£000s)
Fair value of plan assets at start of period	9,717
Interest income	203
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	185
Employer contributions	452
Member contributions	16
Benefits paid and expenses	(67)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	10 506

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £388,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF
COMPREHENSIVE INCOME (SOCl)**

	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	262
Expenses	8
Net interest expense	20
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	290

21. RETIREMENT BENEFITS (Continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER
 COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	185
Experience gains and losses arising on the plan liabilities - gain (loss)	(249)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(29)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,447
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,354
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(459)
Total amount recognised in Other Comprehensive Income - gain (loss)	895

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

21. RETIREMENT BENEFITS (Continued)

ASSETS

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Global Equity	2,077	1,503
Absolute Return	482	479
Distressed Opportunities	377	332
Credit Relative Value	337	280
Alternative Risk Premia	434	390
Emerging Markets Debt	391	392
Risk Sharing	343	347
Insurance-Linked Securities	220	203
Property	272	174
Infrastructure	656	543
Private Debt	264	229
Opportunistic Illiquid Credit	348	249
High Yield	102	255
Opportunistic Credit	37	265
Cash	29	3
Corporate Bond Fund	664	733
Liquid Credit	67	168
Long Lease Property	303	225
Secured Income	561	534
Over 15 Year Gilts	4	5
Liability Driven Investment	2,542	2,336
Currency Hedging	(38)	-
Net Current Assets	34	72
Total assets	10,506	9,717

21. RETIREMENT BENEFITS (Continued)

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.75%	2.05%
Inflation (RPI)	3.55%	3.40%
Inflation (CPI)	3.15%	2.85%
Salary Growth	2.00%	2.50%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

21. RETIREMENT BENEFITS (Continued)

Strathclyde Pension Fund

Some of the Associations employees belong to the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018.

The employer's contribution to the SPF by the RSL for the year ended 31 March 2022 were £115,505 (2021 - £115,860) at a contribution rate of 28.7% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2022 has been set at 28.7%. The Association had the option of reducing contributions to 25% per annum but contributions remain at 28.7% to assist in paying down deficit.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2022	2021
Discount rate	2.75%	2.05%
Future salary increases	2.00%	2.50%
Future pension increases	3.15%	3.85%
Proportion of employees opting for early retirement		-
Post-retirement mortality	1.5%	1.5%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2022	2021
	Years	Years
Male	19.6	19.8
Female	22.4	22.6

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	2022	2021
	Years	Years
Male	21.0	21.2
Female	24.5	24.7

Amounts recognised in income and expenditure in respect of the defined benefit schemes are as follows:

	2022	2021
	£'000	£'000
Current service cost	259	153
Net interest on the net defined benefit pension liability	(9)	5
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
	<u>250</u>	<u>158</u>

21. RETIREMENT BENEFITS (Continued)

Changes in the present value of the defined benefit obligation:	£'000
Defined benefit obligation at 1 April	5019
Current service cost	259
Past Service costs	-
Interest cost	105
Contributions by scheme participants	29
Plan introductions, changes, curtailments and settlements	(730)
Benefits paid	-29
Defined benefit obligation at 31 March	<u>4,653</u>
Changes in the fair value of plan assets:	£'000
Plan assets at 1 April	4636
Interest income	96
Actuarial (losses)/gains	-
Return on plan assets (excluding net interest on the defined benefit liability)	267
Contributions by employer	121
Contributions by scheme participants	29
Benefits paid	-29
Plan assets at 31 March	<u>5,120</u>
Net provision at 31 March	<u>-</u>

The actual return on plan assets was (£457,000) (2021: £833,000).

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2022	2021
Equity instruments	61%	66%
Debt instruments	26%	23%
Property	11%	9%
Other assets	2%	2%
	<u>100%</u>	<u>100%</u>

The above figures take into account the effect of the McCloud case.

22. RELATED PARTY TRANSACTIONS

Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £46,509 (2021: £48,741) of rent was receivable from these tenant members. At the year-end there were £199 (2021: £1,119) of rent arrears due from these tenant members.

During the year we charged £257,045 in rent and management charges (2021: £254,500) to our subsidiary New Gorbals Property Management. NGPM was incorporated in January 2016 primarily for the letting of mid-market rented properties. At 31st March 2022 £64,261 (2021: £63,638) was due from the subsidiary in group debtors.

23. COMMITMENTS UNDER OPERATING LEASE

At 31 March 2022 total future minimum lease payments under non-cancellable operating leases are set out below.

	2022		2021	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Amounts due:				
Within 1 year	-	212,109	-	174,101
Within 2 to 5 years	-	74,507	-	223,421
	-	286,616	-	397,522

24. TAXATION

The Association gained charitable status in the year ending on 6th January 2010 and is no longer liable for tax on its ordinary activities.

25. Impairment Of Assets

New Gorbals Housing Association is clearing two multi storey blocks at 305 and 341 Caledonia Road. Tenants from these properties are being rehoused in new build homes elsewhere within the Gorbals area. Properties that are void due to this clearance are being stripped of all services and therefore do not contribute to the cash generation of the organisation. Therefore, these properties will be impaired as and when they become void.

Of the 276 units across both blocks as of the 31st March 2022, 127 are void and impairment included in the Expenditure on the Statement of Comprehensive Income, as per calculation below

These properties are held in the accounts on a net book value bases and impairment will reflect the costs involved.

We have reviewed all of our other asset classes and no other impairment is due for 2022.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

	Note	2022 £
Housing Properties Cost	11.A	1,472,791
Housing Properties Depreciation	11.A	<u>(542,911)</u>
Net Book Value		<u>929,880</u>
Less Grant Associated with properties	15	(751,484)
Impairment Value in Statement of Comprehensive Income		<u>178,396</u>